

### **REMARKS**

Claims 1-18 are pending in the above-identified application, and were rejected. With this Amendment, claim 1 was amended.

#### **I. 35 U.S.C. § 102 Anticipation Rejection of Claims**

Claims 1-18 were rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,389,538 to Gruse et al. Applicant respectfully traverses this rejection.

Claim 1 is directed to a “content secondary distribution management system comprising a plurality of user devices, for managing secondary distribution in which a transaction of content usable by a user device is performed between said plurality of user devices.” Claim 1 further recites a “settlement log for the use of the content is issued from a content providing one of the plurality of user devices to one of a service provider and a clearing center every time an identical content is distributed, and settlement processing for the identical content is performed based on the settlement log under the management of said one of a service provider and a clearing center.”

Applicant respectfully submits that Gruse does not disclose that a "settlement log for the use of the content is issued from a content providing one of the plurality of user devices to one of a service provider and a clearing center" and that “settlement processing for the identical content is performed based on the settlement log under the management of said one of a service provider and a clearing center.” Gruse discloses a clearinghouse that is capable of billing a user for purchasing electronic content. Gruse also discloses logging when a user plays the digital content or transfers it to an external medium. This is done in order to track the usage of the licenses for the digital content and to prevent unauthorized use of the content (See abstract). Gruse does not, however, teach or even suggest a system relating to billing for the secondary distribution (i.e.

distribution by a user after initial purchase) of date. More specifically, Gruse does not teach or suggest that a settlement log is issued from a content providing user device and that settlement processing (i.e. billing for the data) is then performed based on the settlement log.

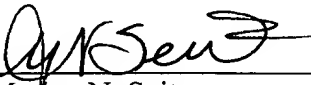
By contrast, the present invention allows payment to be received for transfers of digital content made between users after the initial sale. This is accomplished by a settlement log for the use of the content being sent from a content providing user device to a service provider or a clearing center. Based on the settlement log, settlement processing is then performed to determine billing for the secondary distribution of the content. As this feature is neither taught, nor even suggested by Gruse, Applicant submits that claim 1, as well as dependent claims 2-8, is allowable. For similar reasons, Applicant submits that independent claims 9, 17, and 18, as well as dependent claims 10-16, are also allowable.

## **II. Conclusion**

In view of the above amendments and remarks, Applicant submits that all claims are clearly allowable over the cited prior art, and respectfully requests early and favorable notification to that effect.

Respectfully submitted,

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